The More You Know

Office of the Chief Financial Officer

Office of Tax and Revenue

Collection and Enforcement Administration

Radee Skipworth- Director

Marc Aronin- Collection's Chief

Melinda Jenkins- Specialty Unit Branch Chief

Renee Teel- Field Unit Branch Chief

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Mission Statement

The mission of the Collection and Enforcement Administration is to promptly collect the proper amount of tax from all persons who have not filed tax returns and/or paid tax as required by District of Columbia law; to encourage voluntary compliance with the law; and to provide accurate, timely and courteous customer service

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Compliance Continuum

OTR	Propose tax legislation	Publish forms, instructions & guidance	Assist and educate taxpayers	Capture return data and process payments	Resolve errors & issue bills	Resolve protests	Collection	Audit	Litigation	Criminal enforcement
TAXPAYER	Learn about tax obligations	Review information	File returns and make payments	Answer questions about filing errors	Review bills & pay or protest	Pay taxes found due after protest	Collection defense	Undergo audit	Litigation defense	Criminal enforcement defense

VOLUNTARY • LESS EXPENSIVE • MORE EFFICIENT

INVOLUNTARY • MORE EXPENSIVE • LESS EFFICIENT

Division Breakdown

- Field Units
  - Key Areas:
    - Field Visitations and Canvassing
    - Volunteer Compliance - Education
    - Sales Tax Certificate Revocation
    - General Seizures
    - Taxpayer Delinquency Investigations
    - Bankruptcy – Proof of Claim Filing
    - Liens and Levies
    - Payment Agreements
    - Offer-in-Compromise

Division Breakdown

- Specialty Units
  - Key Areas:
    - Non-Filer Program
    - CP 2000 (IRS Unreported Income Program)
    - Individual and Business Installment Agreements
    - Call Center and Walk-In Center
    - Outsource – (2) Outside Collection Agencies
    - Special Events
    - Payment Arrangements
    - Certificate of Clean Hands

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Certificate of Clean Hands

- The new clean hands application launched on MyTax.Dc.gov on April 15, 2020.
- Requesting a Certificate of Clean Hands is done electronically.
- Verification of Clean Hands no longer requires a log on for other agencies.
- To obtain a Certificate of Clean Hands you must log in/or create a MyTax.Dc.gov account (non-login option available for non-DC filers), Click "Request a Certificate of Clean Hands to confirm or complete the required information (Registered Taxpayers).
- Applicants with over $100 in liability; or have failed to file all applicable returns with the five-year look back period with DC, may be denied issuance of the Certificate of Clean Hands for themselves and their businesses unless they are on an official payment plan and the first payment for the plan has posted to the account.
- Certificate of Clean Hands Resources include:
  - FAQ's and Tutorials – Visit MyTax.DC.gov
  - Technical Assistance for the portal can be obtained by calling E-Services Unit at (202) 759-1946 or via a webmail at e-services.otr@dc.gov
  - Specific Certificate of Clean Hans inquiries – email Cleanhands.cert@dc.gov.

Installment Agreement capabilities on MyTax.DC

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- **Current Installment agreement requirement**
  - Liabilities must be $50,000 or less;
  - Maximum term installment agreement is 3 years

- **Proposed New Installment agreement Parameters**
  - Raise threshold to $100,000
  - Revised term maximum term to 4 years
  - Require a down payment equivalent to one monthly payment
    - This Policy change will allow taxpayers that are seeking clean hands to set up an installment agreement, make a down payment using ACH, and receive their certificate without the assistance of an agent.

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Special Events

- **VENDORS - participating in these events are liable to file and pay sales tax on items sold during the event. It is the responsibility of the vendor to file a form FR800SE by the 20th of the following month after the event. These are filed online using MyTax.DC.gov**

- **PROMOTERS - are responsible for the timely submission of the Vendor list. A Registration penalty will occur if Vendor list is not submitted timely.**

Non-Filer Unit

Individual Non-Filer Program:

- **Through “discovery” efforts Non-filer leads are generated using external data sources to identify individuals that potentially have a District of Columbia filing obligation. Once leads are generated, they are assigned to Revenue Officers.**

- **Notices are then generated that outline an estimated liability, which can develop into a proposed and then subsequent assessment.**

- **The expectation is for taxpayers that receive letters to respond to our inquiry within 30 days. Please provide proof of residency, driver license and/or out-of-state resident tax return.**

- **If an assessment has been made, we will reverse it once its established that the taxpayer is not liable for a District return**

- **The District has numerous taxpayers that are either working for Congress or in the military and file in a different jurisdiction, therefore, not liable for a District return.**

Outsource Unit

- OTR currently partners with two collection agency vendors to collect various tax types including, Individual, Fiduciary, Corporate & Unincorporated Franchise, Sales and Use, Withholdings and others.

- The first vendor accounts are assigned to RSI Enterprises. Accounts over 90 days old will be assigned to this company for collection. Accounts will remain with this vendor for 180 days.

- The second vendor accounts are assigned to MuniServices. Accounts over 90 days and have been assigned to the first vendor with limited or no success in collection after 180 days, will go to this vendor for 300 days.

  - Both vendors are subject to OTR oversight and adhere to policies and procedures.

  - The Outsource Unit communicates with vendors daily and handles correspondence and taxpayer disputes.

Offer In Compromise

- Offer-In-Compromise (OIC) is completed via OTR-10 booklet and related form.
- Viable means of debt resolution if its in the best interest of the District and the taxpayer to consider an OIC
- Current and future earnings potential are analyzed, along with completed PA-1 and/or PA-2 and related documentation
- Prior compliance history, tax type, and other factors are important in determining feasibility
- OIC's are not payment agreements and generally require a substantial down payment and minimal time to meet the terms of the OIC
- Must remain in compliance for five-years after acceptance or everything defaults and reverts back to pre-OIC consideration
  - Doubt as to Collectability – worked by Revenue Officers
  - Doubt as to Liability – worked by Auditors

Revocation of Sales Tax Certificate

- Revocation of Sales and Use Tax Certificate in lieu of full-scale seizure.
  - Prohibits taxpayer from continuing sales in the District of Columbia until tax issues are resolved.

Exporting Judgments

- There are scenarios when delinquent taxpayers have assets—like, bank accounts, personal property, and real estate—outside the District of Columbia that can be used to satisfy their tax debt (*e.g.*, in Virginia, Maryland, Florida, etc.).

- In order for the District to reach those foreign assets, the District must first obtain a judgment from the local court—D.C. Superior Court. This entails the Office of the Attorney General (OAG) filing a lawsuit against the delinquent taxpayer under the applicable tax statutes.

- Once D.C. Superior Court issues a judgment in favor of the District on the tax debt, OAG obtains a "triple-sealed" copy of the judgment from the Clerk's office and can then take that to another State and go through that State's court system to collect on the debt.

Exporting Judgments

- This should not be a second round of litigation in a new State court. For example, if OAG takes the DC judgment to Virginia, the Virginia generally must recognize the DC judgment (known as a foreign judgment) as a matter of course under the U.S. Constitution's full faith and credit clause. U.S. Const. art. IV, § 1; After recognizing the DC judgment, the Virginia courts can then issue writs of attachment and garnishment orders so that the District can go after the delinquent taxpayer's Virginia assets.

- **Note:** The COVID-19 Response Supplemental Emergency Amendment Act of 2020, Act No. 23-286, which stops the collection of some debts during the pandemic, does not apply to the collection of tax debts owed to the District. *See* D.C. Code § 28-3814(b)(1C).

- Judgment is utilized when all other collection efforts have failed

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Bulk Sale and Registration

- **Code Section 47-4461**

  Purchaser of an existing business must notify OTR of the sale and its terms within 15 days of sale.

- **Send a notification of sale via certified mail to:**

  Office of Tax and Revenue, PO Box 37559, Washington, DC 20013, Attention: Special Investigations Unit.

- **The notification can also be emailed directly to the Collection and Enforcement Administration at Compliance@dc.gov.**

- **Failure to notify OTR can result in:**

  The purchaser inheriting the seller's debt even if the debt is undisclosed to the seller.

- **Purchaser cannot operate with the previous owners Federal Employer Identification Number**

- **Purchaser must file FR-500 – Combined Business Tax Registration Application to identify all tax obligations**

- **Seller's returns and taxes must be filed and paid timely to be in full compliance.**

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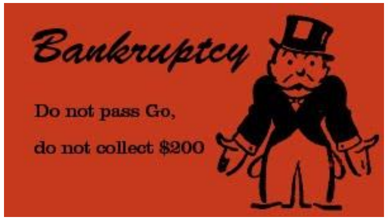

Bankruptcy

- The District of Columbia maintains a super priority claim over all creditors (even the IRS) for Sales and Use taxes regardless of when the creditor has filed a claim.
- Proof of Claims (POC) are filed as soon as notified of the bankruptcy
- The Collection Division will file liens to protect the District's interest, so that a secured POC can be filed.
- Collection works very closely with the Office of the Attorney General (OAG) on bankruptcy cases, and many times are called to testify and attend bankruptcy hearings to ensure OTR's position is clearly understood by the trustee and the judge
- Primary filings are Chapter 7, 11 and 13

Possessory Interest

- District of Columbia Official Code § 47-1005.01 established the assessment and taxation of possessory interest.
- When government (non-taxable entity) grant the use of its real estate either for private occupation or control, to another person or entity that use the real estate in a manner the result in profit for such person or entity, taxable possessory interest is created.
- Possessory Interest is assessed against the lessee of property owned by the Federal or District government
- Possessory Interest cases originate from the Office of Tax and Revenue – Real Property Tax Administration and are assigned to the Collection and Enforcement Administration to collect.
- Possessory Interest cases are subject to the same enforced collection activity as other tax types, i.e. lien, levy, seizure, payment agreement, etc.
- These cases are subject to the filing of a District Tax Lien. The lien is filed and recorded against the lessee of the government owned property, and not against the Federal or District government.

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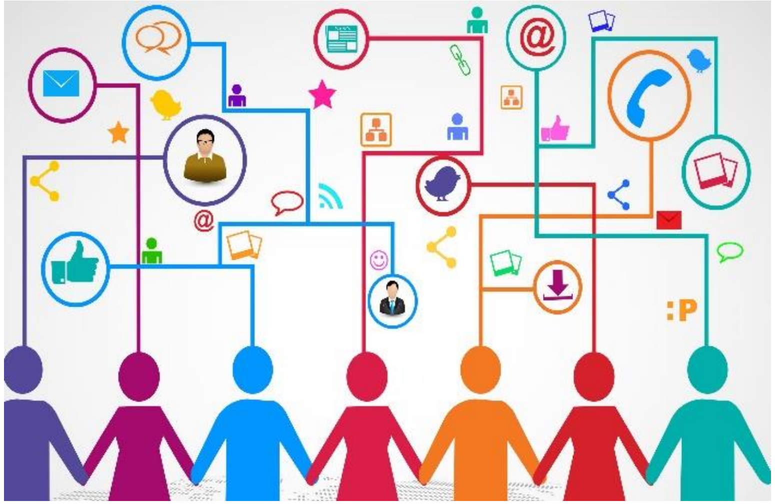
Collection and Enforcement Web Page

Visit our Web page at www.otr.cfo.dc.gov/page/collection-division to learn more about:

- **Collection Information**
- **Forms**
- **Payment Options**
- **FAQ's**
- **Contact Information**



Contact Information

General inquiries and correspondence: Compliance@DC.GOV

COVID/HARDSHIP: OTRCOVIDRELIEF@DC.GOV

OTR Collection's Call Center: (202) 724-5045

Radee Skipworth – Director: radee.skipworth@dc.gov

Marc Aronin – Collection's Chief: marc.aronin@dc.gov

Renee Teel – Field Branch Chief: renee.teel@dc.gov

Melinda Jenkins – Specialty Unit Branch Chief: melinda.jenkins@dc.gov

Q & A